

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

February 14, 2024 – 1:30 p.m.

MINUTES

1. **Call to Order:** Committee Chair, Karen Hardy, called the meeting to order at 1:33pm. CEO/General Manager, Nicole Sandkulla called the roll. Seven members (7) of the Committee were present at roll call. One member arrived after roll call, and one member joined via teleconference in accordance with the traditional Brown Act rules. A list of Committee members who were present (9) and other attendees is attached.

The Committee took the following actions and discussed the following topics.

2. **Comments by Committee Chair:** Committee Chair Hardy welcomed members of the Committee, and announced the appointment of Darin Duncan as a new member of the BAWSCA Board. He will replace Tom Smegal's seat on the Committee.

Chair Hardy regretfully announced Bud Wendell's passing on February 11th.

Ms. Sandkulla noted Mr. Wendell's involvement with the member agencies through BAWSCA's predecessor agency, BAWUA, and stated that his strategic counsel was always centered on the needs and best interests of the water customers of the BAWSCA region to ensure a reliable supply of high quality water at a fair price. The importance of keeping a focus on the water customers is his legacy to BAWSCA.

Chair Hardy reported that staff is continuing to work on fine-tuning BAWSCA's ability to livestream meetings with the hopes to roll it out at the Committee's next meeting in April.

Lastly, Closed Session Item #8 on the agenda will be pulled as there are no significant developments since the last report.

3. **Consent Calendar:**

Director Doerr made a motion, seconded by Director Zigterman, that the Committee approve the Minutes of the December 13, 2023 Board Policy Committee meeting.

The motion passed unanimously by roll call vote.

There were no comments from members of the public on the consent calendar.

4. **Public Comments:** Public comments were provided by Spreck Rosekrans, Restore Hetch Hetchy.

5. **Action Calendar:**

- A. **Authorization of Professional Services Contract to Support the Preparation of the 2021 – 2023 Drought Report:** Water Resources Manager, Tom Francis reported that the item is being brought to the Committee for recommendation to the full Board at the March meeting. The recommendation is to authorize a professional services contract to support the preparation of the FY 2021 – 23 Drought Report.

BAWSCA is currently negotiating an agreement with the selected consultant, EKI. Work is anticipated to begin in April 2024 for completion in Fall 2024.

The report will be similar to the 2014-2017 Drought Report, but expanded to include new data gathered to document how experiences during the drought of 2014-17 worked to inform agency actions taken during this most recent drought. Key tasks in the development of the report are broken into 2 Phases.

Phase 1 includes 3 tasks: documentation, record collection and data assessment; stakeholder engagement; and review of whether recommendations provided in the 2014-2017 Drought Report were implemented.

Mr. Francis explained that the task of record collection and data review entails documenting actions taken, such as the Governor's executive orders issued as well as the various actions taken by each member agencies, including the SFPUC and Valley Water. Those actions varied depending on the degree of drought severity the agencies were experiencing over time as the drought continued.

The task of engaging stakeholders will involve data collection from member agencies as well as feedback on what member agencies want as report contents.

Task 3 is looking at what recommendations from the 2014-17 Drought Report were implemented in the 2021-23 drought period, to document and summarize activities and determine if lessons learned from the 2014-2017 drought experience influenced agency response to the 2021-2023 drought period.

Phase 2 includes the task of analyzing the effectiveness of drought response measures (DRM) executed during the 2021-23 drought period. With the technological advancements made by agencies in the use of automated metering infrastructure (AMI) and implementation of various water use tracking tools, BAWSCA and the consultants expect to be able to evaluate and document how effective certain measures were.

Specifically, the effectiveness analysis will look at the various water use reduction measures that were implemented and their direct impact. The measures vary from a simple call for customers to reduce water use to deploying an extensive advertising campaign. The analysis will look at regional and local measures such as outdoor water curtailments, as well as unique measures particular agencies took. The goal of this task is to identify how effective various measures were. Demographics, geographic, and socio-economic profiles will also be analyzed to see if they were factors to the measures' effectiveness.

Compilation of findings and recommendations will be presented in a final report. That report will help assist BAWSCA and the member agencies in planning for how to implement DRMs during future droughts.

Phase 1 has a Board approved funding allocation from the FY 2023-24 budget of \$35K. The required funds of \$100K for Phase 2 will be included in the proposed FY 2024-25 budget.

Director Hardy expressed appreciation for the effort and commented that the report would serve as a tool for the Board to make data driven decisions.

In looking at BAWSCA's efforts from a broader perspective than just water, Director Shneider asked if this will look at conservation efforts that may have made the region weaker to other environmental dangers such as wildfires, and will agencies be asked about their future plans for drought or associated risk management.

Mr. Francis stated that the scope is to look at what measures had a direct impact on water use reductions during this recent drought, documenting what measures and actions were taken. It is to serve as a tool for agencies in helping plan for future droughts, but the scope of work does not propose to expand beyond that purpose.

Director Schneider suggested an effort, if funding would allow, to provide recommendations of what measures would be the most cost effective for the future.

Ms. Sandkulla added that most of the member agencies, with a few exceptions, adopt an Urban Water Management Plan (UWMP) every five years. The next one is due in 2025. In an UWMP, the agencies must perform an analysis to identify drought response measures in advance of a drought. The Drought Report will be available to member agencies and can facilitate those conversations in preparation for the UWMP. The agency appointed Water Management Representatives (WMR) have previously expressed their strong interest in having commonality across the region on the drought response measures. Ms. Sandkulla expects the agencies will have further discussions given that both the 2014-17 drought and the 2021-23 drought are both fresh in their minds.

Director Schneider added that Millbrae is working on a plan for its East side, which floods, to create retention ponds that can help San Bruno's groundwater recharge. This is a fix to a flooding problem that also has the potential to provide a groundwater benefit to agencies adjacent to Millbrae that rely on groundwater supplies to meet a portion of their water needs.

Director Doerr asked if the term negotiate with the selected consultant refers to negotiations of the total amount; whether there were efforts given to reducing the \$135k costs; and what ideas the team might have on how to decouple drought measures that may have been enacted concurrently, such that their specific water use reduction response could be identified.

Mr. Francis stated that the word "negotiate" in the staff report and recommendation pertains to negotiations of contractual elements such as indemnification and issues that require legal support. The cost of \$135K is based on the scope of work the selected consultant proposed and was deemed appropriate for the services provided. The consultant proposed an optional task that BAWSCA was evaluating on its merit for inclusion.

As for decoupling water use reduction results from concurrently implemented conservation measures, Mr. Francis stated that BAWSCA will work with the selected consultant to perform that type of analysis. A general opinion by industry experts is that AMI is a data rich resource which can be used for decoupling purposes. Since several BAWSCA member agencies utilize AMI, he is optimistic that decoupling is possible. EKI's experience with decoupling measures for other agencies will support BAWSCA in undertaking that aspect of the work.

Director Doerr hopes that the report and its findings can be shared and help shape policies with member agencies and the State Water Board itself.

Ms. Sandkulla stated that BAWSCA has been successful in using its reports, including the 2017 Drought Report, as an information source for presentations to external stakeholder groups and at technical conferences. Since BAWSCA is a regional agency with 26 members, external groups look to BAWSCA because it has a rich and diverse set of agencies that provide a lot of valuable information. The report this work will produce is something member agencies and neighboring agencies are excited about

referencing when it is completed. Ms. Sandkulla is looking forward to tracking how the information takes shape.

Director Zigterman asked how many proposals were received and what expectation does the consultant have of the member agencies for collecting the data.

Mr. Francis reported that there were three proposals received and that BAWSCA will support the consultants in collecting data from member agencies.

Ms. Sandkulla added that many of the member agencies with AMI data are looking forward to having their information evaluated, and that they see the data collection as an opportunity to pull their numbers for EKI to analyze. It speaks to the value that the member agencies put in on the last drought report, and on how much that report is referenced by the member agencies. The WMR's have indicated that they support the preparation of this report, and view the task of providing data as worthwhile and necessary for the success of the work.

Director Ragsdale asked why Valley Water seems to only be a part of the selection panel for the consultant as opposed to being included in the report as they were in 2017.

Mr. Francis explained that there are eight member agencies that rely on Valley Water for part of their supply. This proposed report will continue to include documentation of Valley Water's drought response actions. During the 2014-17 Drought, Governor Brown imposed a water use reduction requirement across the State, and therefore, the drought response measures Valley Water required of their customers were documented as part of the report. Valley Water's actions during the 2021-23 drought period will be included in the report because they impacted those BAWSCA member agencies that rely on valley Water for a portion of their water supply.

Director Duncan suggested looking at the SFPUC's conjunctive use program to see its impact on groundwater basin storage, especially if there are other conjunctive use programs in the region.

Ms. Sandkulla stated that SFPUC has one conjunctive use program within the BAWSCA service area, and that the proposed report will document the actions that were taken that, in turn, impacted the basin, and in particular how those actions impacted groundwater basin storage levels. She emphasized that the report intends to document the impacts of the collective responses by the member agencies during the drought period.

Director Chambers noted that agencies have different levels of AMI implementation, and that having the 2017 Drought Report available on the BAWSCA website is helpful for Directors' reference, in particular the presentation graphics included in the report

In response to Director Chambers, Mr. Francis stated that EKI completed the 2017 Drought Report, and the proposed report will include presentation graphics similar to the format included in the 2014-17 report.

Director Pierce hopes that report will evaluate the effectiveness of outreach efforts to the water customers as she is interested in learning how the messaging, particularly targeted messaging, influenced customer water-saving behavior.

Director Doerr inquired if as part of the effectiveness review, the work will include an evaluating of outreach performed by the State of California during the recent drought.

Ms. Sandkulla reported that the State did research on message effectiveness following the 2014-17 drought, and that the SFPUC conducted a study in 2007 following its Water Saving Hero campaign. She noted that a challenge that the SFPUC had in their work

was in identifying the difference between the response drivers for SFPUC's retail customers and their wholesale customers.

There were no further comments from members of the Committee and members of the public.

Director Pierce made a motion, seconded by Director Schneider, that the Committee recommend Board approval.

The motion passed unanimously by roll call vote.

6. Reports and Discussions:

- A. Preliminary FY 2024-25 Work Plan and Results to be Achieved: At the beginning of this item, Director Hardy noted that the Committee reports to the full Board, and as a small group, it is critical that the committee have thorough discussion of the proposed FY 2024-25 Work Plan in order to make good recommendations to the Board.

Ms. Sandkulla referred to the tables attached to the staff report: Table 1 presents the draft preliminary FY 2024-25 Work Plan items which align with BAWSCA's legislated authority and three goals to ensure a reliable supply of high-quality water at a fair price. Table 2 presents the activities not included in the Work Plan. Ms. Sandkulla noted that Table 2 is a critical piece to the Work Plan as it clearly defines what efforts are not included in the fiscal year's efforts.

The preliminary Work Plan addresses the critical issues identified between now and 2065. It includes additional program activities and staff time to initiate the development of BAWSCA's Strategy 2050, and the development of an updated Regional Water Demand Projections. It also includes the continuation of previously approved multi-year projects, including the preparation of the 2021-23 Drought Summary Report, supporting member agencies with their water use efficiency compliance as required by the State's Commercial, Industrial, Institutional (CII) performance measure requirements, and facilitating the negotiation and adoption of an updated Tier 2 Plan.

The preliminary Work Plan reflects the Board's input from the January Budget Planning session, including the comment made by, at the time, a member of the public who was appointed to the BAWSCA Board effective January 23, 2024. Table 4 of the staff report provides responses to those comments.

In response to the Board's request for information about staff loading, Chart 1 of the preliminary Work Plan provides new information. There is also additional data that is presented in Table 3, which provides the estimated staff hours and full-time equivalent (FTE) in accordance with the preliminary Work Plan items for FY 2024-25. While the data in Table 3 has not been provided to the Board in the past, it is data from staff analysis that is done every year as part of the Work Plan preparation.

Ms. Sandkulla explained that an approach to developing the Work Plan since before BAWSCA succeeded its predecessor organization, BAWUA, is identifying the resources needed for each Work Plan item to achieve results on a staff-by-staff basis including consultants. It is a critical step that, while it is not perfect, is an effective attempt to allocate the resources of 9 staff members. In the past, this process has also been the way to identify the need for additional staff.

Ms. Sandkulla appreciates the question from the Board about staff hours, and hopes that the additional information is helpful.

As done every year, the Work Plan is broken down into categories: reliable water supply, high quality water, fair price, and agency effectiveness. Each category has specific areas that make up the Work Plan. Ms. Sandkulla presented each area and highlighted the major efforts that are critical to preliminary FY 2024-25 Work Plan

Reliable Water Supply

Facility Reliability is the first area under Reliable Water Supply, in which BAWSCA monitors SFPUC's Water System Improvement Program (WSIP), capital plan, and asset management program, and facilitates member agencies' engagement with San Francisco on emergency response matters, and all critical things to assure that the regional water system is built and maintained to be reliable for San Francisco to meet its contractual obligations to the wholesale customers.

Ms. Sandkulla pointed out the addition of an effort in FY 2024-25 to extend the necessary State oversight of SFPUC's WSIP through the program's completion. The WSIP legislation (AB 1823) passed in 2002 had a sunset clause on the requirement for San Francisco to provide an annual report to the State on the completion of the program, and on any changes to the WSIP. The state oversight is currently scheduled to sunset on December 31, 2025, a date the precedes WSIP's completion.

It is critical for BAWSCA to seek a legislative amendment to continue the state's oversight of the SFPUC through the planned scheduled completion of the WSIP. BAWSCA has successfully sought extension of the oversight three times in the past.

Long-Term Supply Solutions is the second area under Reliable Water Supply, in which recommendations from the current Strategy are implemented. A significant task in this area for 2024-25 is initiating the development of Strategy 2050. Critical efforts related to long-term water supply planning include development of an updated regional water demand projections, engagement with PureWater Peninsula potable reuse project, support for agencies developing their local water supply options, and BAWSCA's reliability model for member agencies' use, as well as to evaluate Bay Delta Plan/VA impacts.

Ms. Sandkulla noted that BAWSCA's water resources team is the staff resource for Strategy 2050 as well as for the Tier 2 and Demand Projections efforts. Based on the staff analysis, this clearly presents limitations from a perspective of available staff time, and therefore the preliminary Work Plan recommends that work on Strategy 2050 begins in January 2025, or six months into FY 2024-25. This would balance the work within the staffing resources, and assumes that Tier 2 is completed and adopted by the end of 2024.

An alternative funding source that will be recommended for Strategy 2050 is the Water Management Charge (WMC). The Water Supply Agreement (WSA) between the agencies and San Francisco provides the SFPUC the ability to include a charge in the water bills sent to wholesale customers as authorized by the BAWSCA Board. The WMC can be used to support conservation, recycling, and development of alternative water supplies.

The WMC funded the 2015 Strategy and proved to be a successful funding source for a project with a large dollar amount and a multi-year span for completion. It created an independent funding stream that was very clear to the agencies and supported by the agencies.

When the Board is presented with the recommendation for the consultant contract for Strategy 2050, it will include a recommended action and use of the WMC for funding the work.

The development of an updated Regional Water Demand Projections (2025 Demand Study) will be initiated in FY 2024-25. Since 2002, BAWSCA has coordinated the regional water demand and conservation projections in support of the original Program Environmental Impact Report (PEIR) for the WSIP. The demand projections are generally done every 5 years but the most recent demand projections were completed in 2022 to further evaluate the impacts the pandemic had on demands. The recent study has a 2045 planning period.

Demand projections are done to support member agencies' Urban Water Management Plans (UWMP) and it is the UWMP that drives the timing of the demand projections. It will also support Strategy 2050 as well as other regional planning efforts, including SFPUC's long-term planning. The benefit of having a coordinated regional demand projections that has a robust, sound, and unified platform that can be relied upon, has been proven, since 2002, to be an effective way to do demand projections for the BAWSCA region. A sensitivity analysis was a successful addition to the 2022 demand projections and will be included in the 2025 Demand Study.

The consultant selection process has been initiated and staff anticipates presenting the recommended contract to the Board at its May meeting. The effort will take approximately 18 months to complete and work will be performed in FY 2024-25 and in FY 2025-26. Responses to the RFP have yet to be received, but based on previous numbers, a ballpark estimate cost is \$400K for the portion of the work to be performed in FY 2024-25 and is included in the preliminary Work Plan.

Near Term Supply Solutions is the third area under Reliable Water Supply. It is BAWSCA's work on water conservation and drought responses, which includes the preparation of the Drought Report, efforts on "Making Water Conservation a Way of Life", core and subscription conservation programs for member agencies, and participation in San Mateo County's C/CAG's one water pilot program to name a few.

Ms. Sandkulla presented the existing and planned core and subscription conservation programs included in the preliminary Work Plan for FY 2024-25. Core conservation programs are paid for through BAWSCA's operating budget because they provide a regional benefit to the BAWSCA region. They include the WaterWise Gardening Tool, Landscape Education Program, the Drought Summary Report, and the new Grant Tracking program, to name a few.

Subscription conservation programs are paid for by agencies who choose to participate in BAWSCA's rebate programs such as the Rain Barrel rebate program, Lawn Be Gone, Smart Controller Rebate, inspection services, and school education programs.

The administration of the WSA is a major area under Reliable Water Supply in which BAWSCA is tasked to take the necessary actions to protect the members' water

supply and financial interests. Work in this area includes monitoring the SFPUC's implementation of its Alternative Water Supply (AWS) Program, ensuring SFPUC meets its contractual water supply obligations to its wholesale customers, and facilitating the negotiations and adoption of a new Tier 2 Plan.

Ms. Sandkulla noted that the preliminary Work Plan includes a new item to support member agencies, should the SFPUC propose a new amendment to the WSA related to Minimum Purchase obligations that certain agencies have. The SFPUC has indicated the potential for the proposed amendment, and that interest is shared by some BAWSCA agencies. The timeframe of the potential proposal is driven by the SFPUC and the interest of the agencies with the minimum purchase obligations to see an amendment put forward. BAWSCA will monitor the developments closely and will keep the Board apprised. Ms. Sandkulla stated her hope is that if there is such a proposal, its timing would correspond with the timing of the Tier 2 Plan, so that the governing bodies can take one combined adoption action.

The last set of areas under Reliable Water Supply include: **protecting the member agencies' water supply reliability interests** which includes BAWSCA's work on the Bay Delta Plan and FERC relicensing process; **pursuing grant opportunities** which includes pursuing grant funding with regional partners and the addition of a new task to implement a grant tracking tool to support member agencies' access to grant funds; **reporting and tracking water supply and conservation actions** which entails the yearly completion of the Annual Survey and Water Conservation Report. Ms. Sandkulla noted that BAWSCA is a primary source of data made available to the public about the member agencies' water use characteristics since 1986. The reports are supported by BAWSCA's water conservation database which was updated in 2023. These reports are available on the BAWSCA website.

High-Quality Water

BAWSCA has no obligatory role in treating water supply but has a role in supporting its member agencies in their relationship with San Francisco on water quality issues. There is a Joint Water Quality Committee under the WSA, in which BAWSCA coordinates the member agencies' participation as well as in the appointment of one of the Co-Chairs. It is a technical committee that gets deep into the important water quality issues within the Regional Water System. BAWSCA supports the flow of important water quality communication items between the member agencies and the SFPUC by facilitating dialogue effectively through the SFPUC and WSA established chain of communications. BAWSCA also reviews and acts on, if necessary, state legislation affecting water quality regulations. The recent PFAS settlement in which the member agencies had to opt-in or opt-out of the proposed settlement is an example of BAWSCA's engagement to assist agencies make their decisions.

Fair Price

The category of Fair Price is a significant part of the Work Plan because it is performing matters in the WSA that the agencies have delegated to BAWSCA. The administration of the WSA is to protect the member agencies' financial interests, and ensure that agencies only pay their fair share of the costs. Performing the review of the Wholesale Revenue Requirement from the SFPUC, which is nearly \$300M a year, and administration of the wholesale revenue bonds are major tasks that have proven to save the water customers money.

Agency Effectiveness

The category of Agency Effectiveness includes BAWSCA's work with officials at the local and state level, as well as officials with the City and County of San Francisco, to maintain a relationship that, in turn, will safe-guard the health, safety, and economic well-being of the BAWSCA region. It also includes the professional and efficient management of the agency by maintaining a motivated, trained and effective workforce, continuing the staff-led plan to address BAWSCA's long-term policy and operational resiliency, implementing Board policy directives on OPEB and pension liability obligations, as well as executing the new directive to make Board and BPC meetings available for livestreaming.

Ms. Sandkulla noted that the Work Plan commits to ensuring the technical requirements to livestream the meetings. If the Board, in the future, decides to switch to a remote participation format, that will require further Board discussion about both the staffing and financial resources needed to implement such an action.

The preliminary Work Plan includes the continuation of three previously approved Multi-year Projects. First is the 2021-23 Drought Summary Report as previously discussed and acted on.

Second is supporting member agencies in meeting the water use efficiency legislation requirements for commercial, industrial, institutional accounts. BAWSCA has been working with Valley Water since 2022 in developing guidance documents to meet the requirements, and the FY 2024-25 Work Plan includes the finalization of those documents to reflect the State's adopted regulations. The estimated cost for this effort is \$65K in the coming fiscal year.

Facilitating the negotiations of a new Tier 2 Plan will continue in FY 2024-25, and is anticipated to be complete by July 1, 2024. The effort will transition into the preparation of the materials needed for each agency adoption, and will include development of contract language, resolutions, staff report, presentations, and when necessary, attendance of meetings to assist with the adoption process. The estimated cost for this effort is \$130K with \$50K for legal support and \$80K for technical consultant support.

Ms. Sandkulla reported that the first iteration of the preliminary Work Plan showed significant overloading in the water resources team with an estimated workload of over 150%. The challenge is that the FY 2024-25 Work Plan has several major areas with external drivers that impact the workload. She explained that development of a new Tier 2 Plan is ultimately driven by the negotiations, and the Demand Study is on a schedule that must be followed in order for it to work for the agencies.

Ms. Sandkulla noted that effective management of the workload is critical to the agency's ability to achieve its goals without overloading staff and upholding BAWSCA's team of dedicated and effective individuals who are knowledgeable long-term employees.

The best option to relieve the workload is to delay the start of Strategy 2050 to begin in January 2025. Staffing resource constraints will remain, but the option improves the ability of BAWSCA to properly staff the work efforts. Ms. Sandkulla will closely monitor

the workload and noted that there may be adjustments needed as the fiscal year progresses.

Budget considerations for FY 2024-25 will need to continue to support 1) implementation of water resources activities in support of the Strategy, 2) oversight of SFPUC to ensure Regional Water System reliability and contractual obligations are met, and 3) sustained effort for the Bay Delta Plan and FERC process. Ms. Sandkulla will examine the forecast for end-of-year spending to understand how it might impact the General Reserve balance. Ms. Sandkulla noted that the General Reserve balance appears to be solid, and can provide the means to leverage funds available for use to pay for the cost of potential consultant support to augment existing staff resources.

The Committee's feedback will be taken and reflected in the preliminary Work Plan that will be presented to the Board in March, along with considerations for funding the Operating Budget. She noted that additional information regarding Legal Counsel and its historical budget amounts will be included in an appendix to the budget memo.

As a reminder, Ms. Sandkulla noted that BAWSCA's primary source of funding is its assessments on member agencies as provided for in its enabling legislation (AB1823). No assessment increases were required to fund the FY 2023-24 Operating budget. An item that will not be included in the preliminary FY 2024-25 Operating Budget will be the funding for the development of Strategy 2050, as it will be a separate action by the Board to consider the use of the Water Management Charge to fund Strategy development.

The Committee will be presented with a proposed FY 2024-25 Work Plan and Operating Budget in April for further discussion before recommending action by the Board at its May meeting.

Director Pierce asked how large is the pool of experts that can do the work for the Demand Study 2025, and where in the Work Plan can the groundwater storage concept that Spreck Rosekrans referenced fit into, as it may be an opportunity to connect with Turlock Irrigation District and Modesto Irrigation District,

Water Resource Manager, Tom Francis stated that demand studies and the knowledge of conservation program analysis is unique. It is a small, specialized pool of experts that are able to do the work. He anticipates getting at least two (2) responses to the RFP that was sent to ten (10) consulting firms.

Ms. Sandkulla sees the work related to a potential groundwater storage concept in either BAWSCA's advocacy with the SFPUC on its Alternative Water Supply Plan, or as a potential part of Strategy 2050. The concept is one that BAWSCA supported back in 2005 as part of its comments on the SFPUC PEIR for the WSIP. At the time, it was called the "Green Option". BAWSCA has been a long-time proponent of conjunctive use in and around the Tuolumne area and the potential partner agencies within or adjacent to that area.

Director Pierce commented that much of BAWSCA's work requires the involvement of legal counsel and legal counsel functions as an additional source of staffing that provides the necessary expertise, particularly in the negotiations with San Francisco and the SFPUC.

She supports postponing the start of Strategy 2050 to balance the workload and asked if there is a demand for hiring additional staff resources at BAWSCA moving forward.

Ms. Sandkulla stated that while the need for additional staff is a strong possibility, she noted that the development of Strategy 2050 would also be a helpful tool to better understand BAWSCA's long-term needs for additional staff. Hiring an additional staff member is a long-term commitment and is not taken lightly. An important consideration is making sure that all areas of BAWSCA's Work Plan have sufficient resources, particularly in the financial area in which Christina Tang is the sole staff-knowledge base. Looking into the need for redundancy in that area is going to be a part of the agency's resiliency plan.

Director Pierce added that the kinds of efforts that BAWSCA assumes on behalf of the member agencies require specific types of expertise. She supports the best way of getting the results achieved whether it be by consultants or by the staff.

Director Doerr inquired about the possibility of 1) bringing in more FTE's with the cost of the Demand Study to help do the work and transition away from the agency's high number of consultants; 2) having a high-level description of the conservation programs provided to the board; and 3) adjusting the Work Plan item to move meetings towards a hybrid format instead of livestream.

In response, Ms. Sandkulla explained that demand studies are done with consultants because this work is performed just once every 5 years in conjunction with the member agencies' UWMPs. Once completed, the work goes away until the next cycle. Additionally, a demand study for 26 agencies is a heavy load that cannot be done by one person. And, it is important to seek out the next level of expertise. For example, what are the next pieces of conservation measures that can be incorporated into the models, how thorough are the financial analysis and the sensitivity analysis. What the agency benefits from, long-term, is having in-house staff who have experience in overseeing the development of the demand study and the capability to provide the member agencies with the assistance they need as they go through the demand study process, including the ability to give advice on how best to use demand study results in their UWMP development.

BAWSCA's Annual Conservation Report provides a thorough description of BAWSCA's conservation programs, includes level of activity, and cost by fiscal year. The report is posted on the BAWSCA website.

Regarding the change in board meeting format, Ms. Sandkulla took a directive from the Board Chair to pursue livestreaming the meetings, with the consideration of a hybrid meeting format in the future. Technical challenges remain with doing a livestream format, and assuming the issues are resolved, Ms. Sandkulla noted that to go from a livestream format to a hybrid format so the public can have remote participation will take more staff resources. Specifically, another person will be needed to assist during the meeting to manage the public participants. This service can be performed by an outside professional, however, that additional cost is not included in the preliminary Work Plan. She added that current staff efforts to ensure the livestream format is successful has taken significant staff time, and emphasized that staff resources are fully allocated to implement the current adopted Work Plan. Adding further new items to the Work Plan as it stands will require removing ongoing items from the Work Plan to accommodate the change in direction.

Director Zigterman referenced Director Pierce's comments on the groundwater storage concept as an alternative water supply. He noted that it should be under BAWSCA's long-term supply solutions as part of its effort to facilitate the development of other local supply options and investigating its potential. He proposed that the word "investigate" be added in Work Plan item #2e.

He suggested having a workshop to discuss efforts within the region, perhaps on stormwater capture, groundwater recharge, and existing dams and reservoirs, as potential sources of alternative water supplies.

Ms. Sandkulla agreed with Director Zigterman and stated that the development of Strategy 2050 will include the exercise of investigation, information sharing, and taking advantage of the agencies' expertise and experiences on their previous and current efforts. She clarified that the language of Work Plan Item 2e is generic and references the assistance BAWSCA provides agencies with the administrative processes of grant funding, tracking and monitoring related reports and policies.

Director Zigterman agrees with the CEO/General Manager's approach to identifying the staffing resources against the Work Plan, but he is curious to know the plan to address the issue.

He suggested considering field experts familiar with the region's water issues who may have retired, but are not completely done with working. They can be hired as independent consultants to provide BAWSCA the expertise in managing and or completing the Work Plan items without the added costs of FTE's or having to enter into agreements with consulting firms.

Ms. Sandkulla appreciates the idea and agreed with the value of independent consultants. She stated that BAWSCA is currently using several independent consultants for Work Plan items listed under water reliability and fair price.

Director Schneider appreciates the Committee members' comments and can relate with having a lean staff. She supports the CEO/General Manager in doing what she believes is best for achieving the results with the current staff resources.

She also expressed support for additional staff resources to be able to pursue opportunities for alternative water supplies as it would provide benefits to the water customers. Conjunctive water use and stormwater recharge are current hot topics and she encouraged the CEO/General Manager to bring those opportunities to the Board for consideration.

Director Ragsdale stated her support for what the agency needs in terms of staff resources. She noted the importance of maintaining staff morale and avoiding staff burnout while also developing them for resiliency.

She suggested providing the Board links that will enable them to quickly access the 2014-2017 Drought Report and the recent Annual Water Conservation Reports, similar to how links are provided in the correspondence packet to access reference documents.

Lastly, she noted that the Peninsula Clean Energy is a similar organization to BAWSCA with 22 board members from multiple counties. The agency does hybrid meetings

which, while it offers Board members and members of the public the convenience of participating remotely, take a significant amount of staff time, and adds complexity to the process of setting up the meeting to ensure the meeting flows accordingly with roll call votes, and successfully with technical connections and monitoring of the remote participants.

- B. Update on Negotiations of a new Tier 2 Plan: Sr. Water Resource Analyst, Danielle McPherson was pleased to report that there was a lot of momentum built since the December meeting and in the spirit of compromise, the agencies' lead negotiators came to an agreement at its February 12th meeting on inputs and components to create a full plan. The next step is a sensitivity analysis to ensure that there are no unintended consequences and to address a few outstanding items that are relatively minor.

It is anticipated that the process for each agency to adopt a new Tier 2 Plan would take approximately 6 months. The lead negotiators are working towards finalizing an updated Tier 2 plan by the end of June for a unanimous adoption by the governing bodies of the member agencies by December 2024. The current Tier 2 Plan is set to expire December 31, 2024.

Given the progress made at the February 12th meeting, BAWSCA is optimistic that the lead negotiators will come to an agreement on final key parameters by end of June.

If, however, progress is stalled, BAWSCA will provide the Board with updates to fully prepare the Board to consider the options it has for action.

Director Zigterman commended Ms. McPherson's efforts in bringing the agencies together in unison. He appreciates her leadership in the negotiations.

- C. BAWSCA's Long Term Reliable Water Supply Strategy 2050: Ms. Sandkulla recommended to table this report in the interest of time. Committee members were invited to reach out to the CEO/General manager with questions they may have from the staff report. An update will be provided to the Board at the March meeting.

7. CEO Reports:

- A. Water Supply and Demand Projections: Current water supply conditions are in a good position and are benefiting from the wet year last year. Ms. Sandkulla reported that storage at Hetch Hetchy is higher than the normal percent of maximum because the Hetch Hetchy system has been offline since early January for work on the Mountain Tunnel and San Joaquin Pipelines. Water supply is being drawn down from local water storage.

Other California water reservoirs are looking good but some areas are experiencing snow drought to date. As of February 11th, precipitation at Hetch Hetchy is low but is steadily climbing upward. Snowpack level is climbing but remains less than the historic median, although not below.

Total demands are tracking with the 5-year average. Ms. Sandkulla noted that water demand is somewhat lower in recent years than in years prior, and that the possibility that water demand could continue to stay at current levels is something that is being closely monitored at BAWSCA.

- B. **Bay-Delta Plan and FERC Update:** Ms. Sandkulla reported that there are no new developments. She affirmed that Phase I Voluntary Agreement CEQA review is ongoing. She noted that the administrative process is missing their milestones that were set up in Spring of 2023 and is taking longer than expected. There are no new updates to the schedule that was provided to the Board and BPC in recent months.

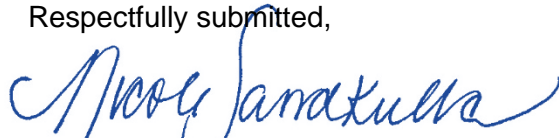
The State Board anticipates the adoption of the Phase 2 updates in late 2024 during a public process.

As of February 14th, there is no Court Ruling following the oral arguments in the State Water Board Cases. The Court now has 90 days from January 18th to issue its ruling.

BAWSCA will continue to closely monitor the activities of the State Board.

8. **Closed Session:** No Closed Session was held.
9. **Comments by Committee Members:** There were no comments from members of the Committee.
10. **Adjournment:** The meeting was adjourned at 3:25pm. The next meeting is April 10, 2024 in Sequoia Room of Burlingame Community Center.

Respectfully submitted,



Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

Board Policy Committee Meeting Attendance Roster

Agency	Director	Feb. 14, 2024	Dec. 13, 2023	Oct. 11, 2023	Aug. 11, 2023	Jun. 14, 2023	Apr. 12, 2023
Santa Clara	Hardy, Karen (C)	✓	✓	✓	MEETING CANCELLED	✓	✓
Hillsborough	Ragsdale, Leslie (VC)	✓	n/a	n/a		n/a	n/a
Westborough	Chambers, Tom	✓	✓	✓		✓	✓
Menlo Park	Doerr, Maria	✓	✓	✓			✓
CalWater	Duncan, Darin	✓	n/a	n/a		n/a	n/a
Redwood City	Pierce, Barbara	✓	☎	✓		✓	✓
Millbrae	Schneider, Ann	✓	✓	✓		✓	✓
MPWD	Vella, Lou	☎	✓	✓		✓	✓
Stanford	Zigterman, Tom	✓	✓	✓		✓	✓

✓: present

☎: Teleconference

February 14, 2024 Meeting Attendance (*In-Person*)

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager	Allison Schutte	Legal Counsel, Hanson Bridgett
Tom Francis	Water Resources Manager		
Christina Tang	Finance Manager		
Danielle McPherson	Sr. Water Resources Specialist		
Kyle Ramey	Water Resources Specialist		
Lourdes Enriquez	Asst. to the CEO/General Manager		
Deborah Grimes	Office Manager		

Public Attendees:

Alison Kastama	SFPUC
Spreck Rosekrans	Restore Hetch Hetchy